VZCZCXRO1177 PP RUEHFK RUEHKSO RUEHNAG RUEHNH DE RUEHKO #5249/01 2560224 ZNR UUUUU ZZH P 130224Z SEP 06 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 6318 INFO RUEKJCS/SECDEF WASHDC PRIORITY RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY RUEAWJA/USDOJ WASHDC PRIORITY RULSDMK/USDOT WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEAIIA/CIA WASHDC PRIORITY RUEKJCS/JOINT STAFF WASHDC//J5// RHHMUNA/HQ USPACOM HONOLULU HI RHHMHBA/COMPACFLT PEARL HARBOR HI RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// RHMFIUU/COMUSJAPAN YOKOTA AB JA//J5/JO21// RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA RUAYJAA/COMPATWING ONE KAMI SEYA JA RUEHNH/AMCONSUL NAHA 0593 RUEHFK/AMCONSUL FUKUOKA 8038 RUEHOK/AMCONSUL OSAKA KOBE 1382 RUEHNAG/AMCONSUL NAGOYA 7810 RUEHKSO/AMCONSUL SAPPORO 9133 RUEHBJ/AMEMBASSY BEIJING 4149 RUEHUL/AMEMBASSY SEOUL 0277 RUCNDT/USMISSION USUN NEW YORK 1923

UNCLAS SECTION 01 OF 10 TOKYO 005249

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA; WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION; TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE; SECDEF FOR JCS-J-5/JAPAN, DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR; CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: OIIP KMDR KPAO PGOV PINR ECON ELAB JA

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/13/06

# Index:

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule
- 4) It is all smiles when Prime Minister Koizumi shakes hands with Chinese premier at  $\mathtt{ASEM}$
- 5) Koizumi returns from his last overseas trip as prime minister
- 6) Chief Cabinet Secretary Abe's rejection of China's 1972 statement of Japanese wartime leaders' responsibility likely to annoy Beijing
- 7) JETRO president, visiting Russia, creates local stir by saying Northern Territories issue should not obstruct mutual economic development
- 8) LDP support for Shinzo Abe as next prime minister tallied at 66 percent in Nikkei poll
- 9) Kyodo survey shows 56 percent of LDP supports Abe
- 10) In addition to Komeito's Fuyushiba, Abe cabinet may include Upper House members Wakabayashi and Mizote

- 11) Abe in putting together his administration faces factional pressure and need for generational change
- 12) Ichiro Ozawa "reelected" head of Minshuto (Democratic Party of Japan) without a vote
- 13) Ozawa creates team to flesh out his policy vision
- 14) LDP and Abe blast Ozawa's policy vision as lacking vision
- 15) Environmental Minister Koike proposes disposal of CO2 on ocean floor as solution to meeting warming gas-reduction target

### Articles:

## 1) TOP HEADLINES

Asahi:

Major consumer loan firms received insurance money in 3,600 borrowers' suicide cases in FY2005

## Mainichi:

Poll: 40 percent of 96 local governments have no penalties for drunk driving

### Yomiuri:

Health Ministry to conduct free health checks to detect asbestos-related diseases

#### Nihon Keizai:

MIC eyes measures to allow local governments to issue debt-servicing bonds

#### Sankei:

TOKYO 00005249 002 OF 010

Only 9 local governments dismiss employees for drunk driving

# Tokyo Shimbun:

New prince named Hisahito

## Akahata:

Government's tax panel chairman: Hike consumption tax in FY2009 and reduce taxes on profit-making companies

## 2) EDITORIALS

# Asahi:

- (1)Reelection of Ozawa: Unity, policies to be tested
- (2)Information-gathering satellite must be widely utilized

## Mainichi:

- (1) How will Ozawa respond to criticism "he is an old-type politician"?
- (2)LDP presidential election: Constitutional revision, Japan-US Security Treaty must be cool-headedly discussed

## Yomiuri:

- (1)Restrictive principles on information-gathering satellite should be reviewed
- (2)Consider introducing reward system to facilitate resolution of crime cases

# Nihon Keizai:

- (1)Minshuto head Ozawa urged to take more drastic policies
- (2) Atomic furnace manufacturers, sit up straight!

# Sankei:

- (1)Ozawa should come up with specific policies
- (2)Use acceptance of nurses from the Philippines as model for labor market liberalization

# Tokyo Shimbun:

- (1) Minshuto head Ozawa now faces real fight
- (2)Police should make efforts to improve investigation capability before introducing reward system

# Akahata:

- (1)Don't support killing Iraqis
- 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 11 & 12

NIHON KEIZAI (Page 2) (Full) September 13, 2006

Sept. 11 Night:

Left Vantaa Airport in Helsinki, Finland, aboard government plane.

Sept. 12 14:30:

Arrived at Haneda Airport.

15:02:

Made a return report at the Imperial Palace.

15:17:

Arrived at Kantei.

16:06:

Met Policy Research Council Chairman Nakagawa and later with Chief

TOKYO 00005249 003 OF 010

Cabinet Secretary Abe.

18:07:

Arrived at his residence.

4) Beijing asks ASEM to post photo of Japanese, Chinese premiers shaking hands with smile on its official website

YOMIURI (Page 2) (Full) September 13, 2006

The official website of the Asia-Europe Meeting (ASEM), which convened in Helsinki on Sept. 11, carried a photo of Prime Minister Koizumi and Chinese Premier Wen Jiabao shaking hands with a smile in the conference hall. Relations between them have chilled over Koizumi's visits to Yasukuni Shrine. However, they informally greeted each other several times during the conferences on the 10th and the 11th. No photos of them shaking hands were available from any news organizations.

However, the official photographer of the Chinese government on the 11th reportedly took a close-up of the two premiers shaking hands. According to the Finnish government, the host country, the Chinese government on the afternoon of the same day provided the photo and asked to post it on ASEM's website. The Finnish government agreed to do so. Upon receiving a message from the Finnish government, a Japanese government source said in Helsinki, "We take it a clear message from China that it wants to repair relations with Japan."

5) Prime Minister Koizumi returns home from ASEM conference, leaving impression of stalemated Asia diplomacy

MAINICHI (Page 5) (Excerpts) September 13, 2006

Prime Minister Junichiro Koizumi returned home yesterday from a conference of the Asia-Europe Meeting (ASEM). He has made the most foreign trips of any Japanese prime minister. The visit to Finland was his 51st and last foreign trip as prime minister. As he wrapped up his five-and-a-half years of diplomacy, he left the impression that the nation's Asia diplomacy is stalemated, symbolized by the fact that his conversations with his Chinese and South Korean counterparts at the meeting all took place while the leaders were standing.

French President Chirac told Koizumi at the opening ceremony of the conference, "I do not mean to interfere with your decision to step down, but it is regrettable that you are leaving." Koizumi gave a wry smile in response.

Koizumi, who has become a regular participant at international conferences during his long term in office, drew attention in Finland. During a joint press conference with Finnish Prime Minister Vanhanen, local reporters asked Koizumi a barrage of questions. To a

question concerning Japan's relations with Asian countries, Koizumi once again criticized China and South Korea, stating as he has in the past, "I am not the one refusing to hold a summit." The prime minister hastily included the signing of an economic partnership agreement (EPA) with the Philippines in his schedule probably because he wanted to play up his Asia diplomacy.

6) Abe nixes China's logic for diplomatic normalization with Japan

TOKYO 00005249 004 OF 010

MAINICHI (Page 2) (Full) September 13, 2006

Chief Cabinet Secretary Shinzo Abe, meeting the press yesterday, reiterated his rejection of China's logic regarding war responsibilities. In 1972, Japan and China normalized their diplomatic relations. On that occasion, China persuaded its people by separating the responsibilities of Japan's war leaders and the general public in those days. "I wasn't there, so I don't know what they talked about," Abe said. "All I know is based on what I've learned from (official) documents," he added.

China separated war leaders and the Japanese people in general, and this is why Beijing has decried Japanese prime ministers for their visits to Yasukuni Shrine, where Class-A war criminals are enshrined.

Finance Minister Sadakazu Tanigaki criticized Abe's perception in his press remarks yesterday. "Japan and China have talked with each other at various levels," Tanigaki said. "He ignores everything," Tanigaki added, "He says that (he doesn't know) because it was not written down on paper, but I wonder if it's all right to say things like that in the process of building confidence." Abe rebutted, "I disagree."

7) JETRO chairman's statement that the territorial issue must not block economic development causes a sensation; Russian paper makes expanded interpretation that Japan would make concessions

SANKEI (Page 2) (Excerpts) September 13, 2006

Yasuo Naito, Moscow

During his recent business trip to Russia, Japan External Trade Organization (JETRO) Chairman Osamu Watanabe stated, "The territorial issue between Japan and Russia must not block the economic development of the two countries." The statement, made during a visit to Russia by a Japanese investment delegation he led, has created a stir.

The Russian media reported the statement as a sign of Japan's willingness to make concessions on the disputed four northern islands off Hokkaido. The statement ended up sending a signal different from Japan's traditional policy line of pursing progress in politics and economics at the same time.

Watanabe became the first JETRO chairman to visit Russia since the 1992 Japan trade fair. He made the remarks in question at a press conference that included Russian journalists, held in Moscow on Sept. 4.

In the session, a Russian reporter asked Watanabe if the lack of a peace treaty between Japan and Russia would have any effect on economic development of the two countries. In response, Watanabe said:

"It is important to exercise caution so as not let political issues have a negative impact on economics. That is the responsibility of the political leaders of the two countries. If the economic development of the two counties would suffer from a harmful effect, the leaders of both countries must make efforts to settle political

issues to prevent that."

Although Watanabe called for "efforts by leaders of both countries," his statement seemed to have left the door open for an interpretation that the Japanese government might make concessions on the territorial issue for the sake of economic development.

In fact, the influential Russian daily Gazeta quoted Watanabe as saying that the absence of a peace treaty was no longer an obstacle to the economic development of Russia and Japan. The Watanabe statement might result in a misconception that cooperation with Japan would move forward without settling the territorial issue or concluding a peace treaty.

8) Net polling on LDP race: 66 percent of LDP supporters favor Abe

NIHON KEIZAI (Page 2) (Abridged) September 13, 2006

The Nihon Keizai Shimbun conducted the second Internet-based public opinion survey on Sept. 8-10 about the ruling Liberal Democratic Party's presidential election. Respondents were asked to pick the name of an appropriate person as the next prime minister from among three running candidates-Shinzo Abe, Sadakazu Tanigaki, and Taro Aso. In this popularity rating, Abe ranked top at 39 percent with a wide margin over the other two candidates, up 2 percentage points from the first poll taken two weeks ago. Aso ranked second at 15 percent, up 2 points, and Tanigaki in third place with 13 percent, up 1 point.

Among those who supported Abe in the previous survey, 84 percent continued their support for Abe in the latest survey. Among supporters for Aso in the previous survey, 71 percent continued their support for Aso. Among supporters for Tanigaki in the last survey, 72 percent continued their support for Tanigaki. The LDP is set to elect its new president on Sept. 20. There is still another week left until the election, but public support for Abe is steady. Among LDP supporters, Abe overwhelmed the other two candidates at 66 percent, up 4 points from the previous survey, with Aso standing at 15 percent, up 2 points, and Tanigaki leveling off at 7 percent.

9) Poll: 56 percent of LDP's local bloc members to vote for Abe, 11 percent for Aso, 8 percent for Tanigaki

TOKYO SHIMBUN (Page 1) (Abridged) September 13, 2006

Kyodo News Service polled the ruling Liberal Democratic Party's nonparliamentary members and fraternity members across the nation on Sept. 9-10 to probe into trends in the party's presidential election. In the survey, 73.7 percent picked the name of Chief Cabinet Secretary Shinzo Abe as their choice to vote for. The figure shows that Abe will likely garner more than 200 of the party's 300 local votes. Abe has ensured about 80 percent of the party's 403 parliamentary votes. Consequently, Abe is now certain to become the party's new president with a majority of the votes in the first ballot.

In the survey of the LDP's local members, Foreign Minister Taro Aso ranked second at 15.1 percent, followed by Finance Minister Sadakazu Tanigaki at 11.2 percent. Asked what they would like the party's new president to pursue first, 44.9 percent said "pension and other

TOKYO 00005249 006 OF 010

social security issues," topping all other answers. However, their opinions were split over the advisability of raising the consumption tax for that purpose.

In the survey of party members and fraternity members, valid answers were obtained from 1,458 persons, with 76.8 percent specifying the names of candidates to vote for. On the whole, Abe stood at 56.7 percent, followed by Aso at 11.5 percent and Tanigaki at 8.6 percent. Undecided voters accounted for 19.6 percent. Those who said they "don't know" and those who gave no answer totaled 3.6 percent.

Among priority issues, "economic measures" ranked second at 20.7 percent, followed by "educational reform" at 11.7 percent, "local divide" at 8.6 percent, "better relations with China and South Korea" at 7.1 percent.

Asked about raising the consumption tax, positive answers accounted for 46.0 percent, with negative answers at 47.2 percent. In addition, 52.4 percent answered "yes" when asked if they would like the Constitution to be amended, with 27.2 percent saying "no."

They were also asked if they thought the party's new president should pay homage at Yasukuni Shrine. In response to this question, their opinions were split with 40.5 percent saying "yes" and 37.3 percent saying "no."

10) New Komeito to seek portfolio for Fuyushiba: Upper House LDP plans to recommend Wakabayashi, Mizote

YOMIURI (Page 2) (Full) September 13, 2006

The New Komeito yesterday decided to seek a post for Secretary General Tetsuzo Fuyushiba (70) in a new cabinet to be launched on Sept. 26, following the Liberal Democratic Party's presidential election. Fuyushiba will step down, coinciding with party head Kanzaki's voluntary resignation. Since Land, Infrastructure and Transport Minister Kitagawa is set to replace Fuyushiba, the New Komeito has decided to seek a cabinet post for Fuyushiba, instead of Kitagawa. Chief Cabinet Secretary Abe, who is believed certain to assume the premiership, will likely accept the request.

The LDP in the Upper House has decided to seek two posts for Upper House members, as was the case under the Koizumi cabinet. It will recommend Upper House Policy Deliberation Council Chairman Masatoshi Wakabayashi (72), a member of the Mori faction, and Upper House Diet Steering Committee Chairman Kensei Mizote (64), a member of the Niwa-Koga faction. Wakabayashi has been elected to the Upper House twice and served as senior vice finance minister. Mizote has been elected three times and served in such posts as state secretary of the Ministry of International Trade and Industry.

11) How far will generational change go and how far will the LDP break the influence of factions? Rumors flying about selection of cabinet members

NIHON KEIZAI (Page 2) (Almost full)

With Chief Cabinet Secretary Shinzo Abe, 51, enjoying an overwhelming lead in the Liberal Democratic Party (LDP) presidential campaign, rumors are flying in the party about who will be chosen for his administration. Following in the footsteps of Prime Minister

TOKYO 00005249 007 OF 010

Junichiro Koizumi, 64, Abe remains mum on personnel affairs, but generational change, breaking faction-based practices, and reward-oriented appointments are likely to be key to the new cabinet and LDP lineup. Within the party there are both hopes and fears about a generational change.

"Such a matter has not been talked about at this stage," Hidenao Nakagawa, 62, chairman of the LDP Policy Research Council, said yesterday after reporting on the situation in the party to Koizumi. Nakagawa was asked by reporters if he discussed the selection of cabinet members for an Abe administration. Nakagawa thus dismissed the question on the spot. But the selection of cabinet members and party executives is a matter of great concern in the party at present.

Focus now on how to treat veteran lawmakers and reward-oriented appointment

Much attention is being paid to who will be chosen as chief cabinet secretary and LDP secretary general. The chief cabinet secretary is

# SIPDIS

the spokesperson who provides the government's views at press

conferences twice a day everyday, except for Saturdays and Sundays. This post is becoming more important as a coordinator between ministries and agencies and the ruling camp now that the Kantei is getting more involved in the policy-decision process.

It is customary to appoint someone from the same faction to which the party president belongs. In view of breaking faction-based practices and bringing about a generational change, both of which Abe wants to realize, Nobuteru Ishihara, 49, who does not belong to any faction, and Yasuhisa Shiozaki, 55, who belongs to the Niwa-Koga faction, are viewed as likely candidates for the post. Both lawmakers are close to Abe. If veteran lawmakers are chosen in view of harmony, Nobutaka Machimura, 61, and Kaoru Yosano, 68, will be considered.

A major political battle next year will be the Upper House election. As for the three top party officers' posts, including the secretary general, who handles elections, some have speculated that Nakagawa, who belongs to the same Mori faction as Abe and who has helped the party advance Koizumi's structural reforms, is fit for one of the three posts. This speculation is growing in the party in part because Abe has expressed a lack of interest in making sure that the secretary general and the party president hail from the same

SIPDIS faction.

The three top party officers need to coordinate intraparty views on such questions as what to do about the return to the party of former LDP members who were forced out because of their opposition to the postal privatization bills last year. Given this sort of party business, many think it wise to appoint veterans for those posts. General Council Chairman Fumio Kyuma, 65, who in effect forced Defense Agency Director-General Fukushiro Nukaga, 62, not to run in the presidential race, is viewed as a person to whom both favorable treatment toward veterans and reward-oriented appointment would apply. Following Kyuma, Hakuo Yanagisawa, 71, who was first among the Niwa-Koga faction to declare his support for Abe, has also been mentioned. Minister of Economy, Trade and Industry Toshihiro Nikai, 71, and presidential candidate and Foreign Minister Taro Aso, 67, have also been mentioned.

The question of who will be chosen for the posts of deputy chief

TOKYO 00005249 008 OF 010

cabinet secretaries and prime ministerial assistants in an administration led by Abe, who has called for strengthening the Kantei, is also drawing public attention. Rumor has it that likely candidates include Hakubun Shimomura, 52, an aide to Abe on educational reform, and Hiroshige Seko, 43, a member of the House of Councillors in charge of Abe's public relations strategy.

Members of parliamentary league on second chances

The question of whether mid-level and junior lawmakers will receive reward-oriented appointments is also drawing attention. It is said that there is a high possibility that reward-oriented cabinet posts will go to Yuji Yamamoto, 54, and Yoshihide Suga, 57, both of whom helped establish a parliamentary league that aims to ensure that those who fail in society can receive a second chance and who have played a role in staking Abe to the lead, as well as to Deputy Policy Research Council Chairman Toshiaki Amari, 57, who serves as chief secretariat for Abe's support group.

More than 70 percent of LDP lawmakers have rushed to support Abe, so it will be impossible to give favorable treatment to all of them. A senior member of an anti-Abe group pointed out the difficulties in personnel selection for Abe, saying, "Personnel selection will win him a handful of friends and many more enemies." Abe has said that he will choose the cabinet members himself, but he also has stated, "As for the posts of senior vice ministers and parliamentary secretaries, the party will appoint them in a fair and equal

SIPDIS manner."

12) Minshuto President Ozawa reelected without a formal vote; Plans to retain Kan, Hatoyama

YOMIURI (Page 1) (Full) September 13, 2006

Ichiro Ozawa (64) has been reelected president of Minshuto (Democratic Party of Japan) without a vote, the party announced yesterday. Since no other party member registered, Ozawa was the only candidate. The party will convene an extraordinary convention on Sept. 25 and formally install the new president. His tenure will be for two years until September 2008.

In a press conference at party headquarters last evening, Ozawa announced the goal of his second term: "Gaining the support of the public through the local elections next year, we will secure a majority for the opposition side in the Upper House election. I intend to put my every effort into reaching that major goal." He expressed the view that the party could reach a majority in the Upper House election next summer.

Commenting on the party executive lineup, Ozawa said: "I would like to obtain the continued support that Acting Representative Kan, Secretary General Hatoyama, and the others in our executive group

### SIPDIS

have given me for the five months (since first elected in April)." Ozawa already has reappointed Kan and Hatoyama and has expressed his intention to continue the troika arrangement. The focus now will be on other key officials, such as the policy research chief, who will be in charge of compiling basic party policies, and the Diet affairs chairman, who will be key to managing the party's strategy in the Diet.

13) LDP launches team to examine "Ozawa vision"

TOKYO 00005249 009 OF 010

ASAHI (Page 4) (Abridged slightly) September 13, 2006

The Liberal Democratic Party yesterday launched a team to examine Minshuto (Democratic Party of Japan) policies. The team will analyze the "Ozawa vision" -- a collection of Ozawa's basic ideas and policies -- and his past statements for use in party-head debates and other occasions. The team will produce a report by the end of this month with a Lower House by-election for October in mind.

In a meeting yesterday of the chairman and the vice-chairmen of the Policy Research Council, chairman Hidenao Nakagawa described the Ozawa vision this way: "It reflects his irresponsibility. . . . In the past, it was regarded as somewhat childish for the government to questions the policies of an opposition party. But it is important now to examine the main opposition party's policies."

Many in the meeting criticized the Ozawa vision's social security policy for correcting social disparity and compensation for individual farmers as pork-barrel largesse typical of a large government.

14) Ozawa policy examination team launched to report results to new LDP president

TOKYO SHIMBUN (Page 2) (Full) September 13, 2006

The Liberal Democratic Party yesterday launched an opposition party policy examination team within the Policy Research Council and held its inaugural meeting at party headquarters. The team is tasked with thoroughly examining Minshuto (Democratic Party of Japan) President Ichiro Ozawa's basic policies and his statements in press conferences to submit a report to the new LDP president replacing Koizumi. The team is hoping that the new LDP president will find the report useful in attacking Ozawa at party-head debates and other occasions.

The team, composed of 16 council members and others, including chairman Nakagawa, will chiefly examine three points: (1) how to correct social disparity and safety nets; (2) a plan to reduce the number of civil servants; and (3) economic policies.

Abe: Ozawa vaque on constitutional revision and collective defense

Touching on Ozawa's stance toward constitutional revision and the right of collective self-defense revealed in his basic policies, Chief Cabinet Secretary Shinzo Abe said in a press conference yesterday:

"I feel that his stance is ambiguous. We would like to win public support by presenting a clear direction to the public and implementing policies."

Ozawa was reelected Minshuto president uncontested yesterday afternoon.

15) Environment minister asks panel to discuss legal revisions to enable CO2 disposal at sea

MAINICHI (Page 3) (Full)

TOKYO 00005249 010 OF 010

September 13, 2006

Environment Minister Yuriko Koike yesterday asked the Central Environment Council to deliberate on how to use technology to dispose of carbon dioxide (CO2) under the seabed and how to prevent a negative impact on the maritime environment. Upon receiving a package of recommendations from the council, the Environment Ministry will submit to the regular Diet session next year bills amending relevant laws to enable disposal of CO2 at sea.

Research and development of this method are underway at home and abroad. Should many countries introduce it, CO2 emitted in the air is expected to significantly decrease. However, much is still unknown about safety, such as the effect on the ecosystem.

This development came in response to a decision made to add CO2 to the list of waste materials allowed to be dumped into the ocean under a protocol based on the London Treaty governing sea disposal. In conjunction with this decision, the government has decided to revise the Seawater Protection Law and ratify the protocol.

The Central Environment Council will start deliberations mainly on how the storage technology should be utilized and what the effect on the maritime environment would be if buried CO2 leaked. Japan will legally allow the use of this technology for the first time, and discussion on whether Japan should adopt this method to limit global warming is likely to be conducted in a cautious manner.

# Koike commented:

"I would like specific and wide-ranging deliberations on such matters as what can be done in Japan to make this a reality and how the nation's targets under the Kyoto Protocol can be reached."

SCHIEFFER